

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)
UEN No. T03SS0068K
IPC No. 000644

**(Registered under the Societies Act, Chapter 311 in the
Republic of Singapore)**

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2018**

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LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

STATEMENT BY MANAGEMENT COMMITTEE

For the financial year ended 30 June 2018

Opinion of Management Committee

In the opinion of the Management Committee,

- (a) the financial statements as set out on pages **6 to 34** are drawn up so as to give a true and fair view of the financial position of Lions Community Service Foundation (Singapore) (the "Society") as at **30 June 2018** and the results, changes in funds and cash flows of the Society for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, has on the date of this statement authorised these financial statements for issue.

Ng Jwee Phuan @ Fedrick (Eric)

Honorary Chairman

Tan Peng Seng, Gilbert

Honorary Vice Chairman

Ong Gim Hai, Daniel

Honorary Secretary

Jean-Luc Anglada

Honorary Treasurer

Eng Chen Lian

Audit Chairman and Director

On behalf of the Management Committee,



Ng Jwee Phuan @ Fedrick (Eric)

Chairman

2017/2018



Jean-Luc Anglada

Treasurer

2017/2018

Singapore

Date: 26 DEC 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)**

UEN No. T03SS0068K

IPC No. 000644

*(Registered under the Societies Act, Chapter 311 in the
Republic of Singapore)*

For the financial year ended 30 June 2018

Report on the Audit of the Financial Statements*Opinion*

We have audited the financial statements of **LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)** (the "Society") which comprise the statement of financial position as at **30 June 2018**, the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Society as at **30 June 2018** and the results, changes in funds and cash flows of the Society for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for other information. The other information comprises the Statement by Management Committee set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)**

UEN No. T03SS0068K

IPC No. 000644

(Registered under the Societies Act, Chapter 311 in the
Republic of Singapore)

For the financial year ended 30 June 2018

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)**

UEN No. T03SS0068K

IPC No. 000644

(Registered under the Societies Act, Chapter 311 in the
Republic of Singapore)

For the financial year ended 30 June 2018

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)**

UEN No. T03SS0068K

IPC No. 000644

*(Registered under the Societies Act, Chapter 311 in the
Republic of Singapore)*

For the financial year ended 30 June 2018

Report on Other Legal and Regulatory Requirement

In our opinion, the accounting and other records required by the Society have been properly kept in accordance with the provision of the Societies Regulations enacted under the Societies Act and the Charities Act and Regulations.

During the course of audit, nothing has come to our attention that cause us to believe that during the financial year:

- (a) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

**Assurance Partners LLP**

Public Accountants and Chartered Accountants

Singapore

Date: 26 December 2018

Partner in charge: Goh Geok Lin

Professional no.: 01672

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Unrestricted Funds			Restricted Funds						Grand Total Funds S\$	
	Accumulated Fund S\$	Club / District Project Fund S\$	Total Unrestricted Funds S\$	LCSF Education Fund S\$	Lions Home for Elders Fund S\$	Lions Befrienders Fund S\$	Development Fund S\$	Lions Quest Fund S\$	Care and share Fund S\$		Total Restricted Funds S\$
INCOME											
Income from generating funds											
Voluntary income											
Contribution from members	23,200	-	23,200	-	-	-	-	-	-	-	23,200
Donation received	451,722	444,708	896,430	39,000	9,714	10,000	-	-	-	58,714	955,144
	474,922	444,708	919,630	39,000	9,714	10,000	-	-	-	58,714	978,344
Less: Donation paid	(553,953)	(458,456)	(1,012,409)	(67,100)	(130,000)	(10,000)	-	-	-	(207,100)	(1,219,509)
Other income											
Interest income	39,051	-	39,051	-	-	-	-	-	-	-	39,051
Miscellaneous income	2,172	-	2,172	-	-	-	-	-	-	-	2,172
Rental income	6,240	-	6,240	-	-	-	-	-	-	-	6,240
5	47,463	-	47,463	-	-	-	-	-	-	-	47,463
TOTAL INCOME (net of donation paid)	(31,568)	(13,748)	(45,316)	(28,100)	(120,286)	-	-	-	-	(148,386)	(193,702)

The annexed notes form an integral part of these financial statements.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (continued)

Note	Unrestricted Funds				Restricted Funds							Grand Total Funds S\$
	Accumulated Fund S\$	Club / District Project Fund S\$	Total Unrestricted Funds S\$	LCSF Education Fund S\$	Lions Home for Elders Fund S\$	Lions Befrienders Fund S\$	Development Fund S\$	Lions Quest Fund S\$	Care and share Fund S\$	Total Restricted Funds S\$		
EXPENDITURE												
Governance costs												
Accounting fee	600	-	-	600	-	-	-	-	-	-	600	
Auditors' remuneration	3,300	-	-	3,300	-	-	-	-	-	-	3,300	
AGM expenses	1,032	-	-	1,032	-	-	-	-	-	-	1,032	
Bank charges	320	-	-	320	-	-	-	-	-	-	320	
CPF contributions/SDL	6	-	-	-	-	-	-	-	1,754	1,754	1,754	
Depreciation of property, plant and equipment	8	5,765	-	5,765	-	-	-	-	-	-	5,765	
General expenses	850	-	-	850	-	-	-	-	-	-	850	
Insurance expenses	346	-	-	346	-	-	-	-	-	-	346	
Office rental	-	-	-	-	-	-	-	-	15,925	15,925	15,925	
Office supplies and cleaning	3,730	-	-	3,730	-	-	-	-	-	-	3,730	
Property tax	620	-	-	620	-	-	-	-	-	-	620	
Salaries	-	-	-	-	-	-	-	-	22,436	22,436	22,436	
Staff allowance	6,500	-	-	6,500	-	-	-	-	-	-	6,500	
Transport	192	-	-	192	-	-	-	-	-	-	192	
Utilities and telecommunications	59	-	-	59	-	-	-	-	3,203	3,203	3,262	
Website expenses	45	-	-	45	-	-	-	-	-	-	45	
	23,359	-	-	23,359	-	-	-	-	43,318	43,318	66,677	
Surplus/(Deficit) for the year	(54,927)	(13,748)	(68,675)	(28,100)	(120,286)	-	-	-	(43,318)	(191,704)	(260,379)	
Transfer	(120,286)	-	(120,286)	-	120,286	-	-	-	-	120,286	-	
Total funds b/f	1,943,942	1,298,649	3,242,591	398,377	-	-	100,000	8,589	(278,386)	228,580	3,471,171	
Total funds c/f	1,768,729	1,284,901	3,053,630	370,277	-	-	100,000	8,589	(321,704)	157,162	3,210,792	

The annexed notes form an integral part of these financial statements.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Unrestricted Funds			Restricted Funds							Grand Total Funds S\$
	Accumulated Fund S\$	Club / District Project Fund S\$	Total Unrestricted Funds S\$	LCSF Education Fund S\$	Lions Home for Elders Fund S\$	Lions Befrienders Fund S\$	Development Fund S\$	Lions Quest Fund S\$	Care and share Fund S\$	Total Restricted Funds S\$	
INCOME											
Income from generating funds											
Voluntary income											
Contribution from members	24,833	-	24,833	-	-	-	-	-	-	-	24,833
Donation received	581,497	363,325	944,822	50,000	24,824	2,000	100,000	(6,935)	-	169,889	1,114,711
Care & Share Match Fund	-	-	-	-	-	-	-	-	1,356,790	1,356,790	1,356,790
	606,330	363,325	969,655	50,000	24,824	2,000	100,000	(6,935)	1,356,790	1,526,679	2,496,334
Less: Donation paid	(243,257)	(33,083)	(276,340)	(20,000)	(50,624)	(4,000)	-	-	(777,634)	(852,258)	(1,128,598)
Other income											
Interest income	40,784	-	40,784	-	-	-	-	-	-	-	40,784
Miscellaneous income	2,884	-	2,884	-	-	-	-	-	-	-	2,884
5	43,668	-	43,668	-	-	-	-	-	-	-	43,668
TOTAL INCOME (net of donation paid)	406,741	330,242	736,983	30,000	(25,800)	(2,000)	100,000	(6,935)	579,156	674,421	1,411,404

The annexed notes form an integral part of these financial statements.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)

Note	Unrestricted Funds				Restricted Funds							Grand Total Funds S\$
	Accumulated Fund S\$	Club / District		Total Unrestricted Funds S\$	LCSF Education Fund S\$	Lions Home for Elders Fund S\$	Lions Befrienders Fund S\$	Development Fund S\$	Lions Quest Fund S\$	Care and share Fund S\$	Total Restricted Funds S\$	
		Project Fund S\$	District S\$									
EXPENDITURE												
Governance costs												
Accounting fee	3,000	-	-	3,000	-	-	-	-	-	-	-	3,000
Auditors' remuneration	3,300	-	-	3,300	-	-	-	-	-	-	-	3,300
Bank charges	213	-	-	213	-	-	-	-	-	-	-	213
CPF contributions/SDL	6	-	-	-	-	-	-	-	-	4,507	4,507	4,507
Depreciation of property, plant and equipment	8	-	-	-	-	-	-	-	-	2,829	2,829	2,829
General expenses	6,950	-	-	6,950	-	-	-	-	-	-	-	6,950
Membership subscription	89	-	-	89	-	-	-	-	-	-	-	89
Office rental	-	-	-	-	-	-	-	-	-	15,600	15,600	15,600
Salaries	2,846	-	-	2,846	-	-	-	-	-	28,254	28,254	31,100
Utilities and telecommunications	27	-	-	27	-	-	-	-	-	2,544	2,544	2,571
Website expenses	586	-	-	586	-	-	-	-	-	-	-	586
	17,011	-	-	17,011	-	-	-	-	-	53,734	53,734	70,745
Surplus/(Deficit) for the year	389,730	330,242	-	719,972	30,000	(25,800)	(2,000)	100,000	(6,935)	525,422	620,687	1,340,659
Transfer	(800)	-	-	(800)	-	800	-	-	-	-	800	-
Total funds b/f	1,555,012	968,407	-	2,523,419	368,377	25,000	2,000	-	15,524	(803,808)	(392,907)	2,130,512
Total funds c/f	1,943,942	1,298,649	-	3,242,591	398,377	-	-	100,000	8,589	(278,386)	228,580	3,471,171

The annexed notes form an integral part of these financial statements.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

STATEMENT OF FINANCIAL POSITION*As at 30 June 2018*

	Note	2018 S\$	2017 S\$
ASSETS			
Non-current assets			
Property, plant and equipment	(8)	699,562	2,216
Intangible assets	(9)	-	-
		<u>699,562</u>	<u>2,216</u>
Current assets			
Other receivables	(10)	33,615	16,775
Cash and cash equivalents	(11)	233,268	355,480
Fixed deposits	(12)	2,257,250	3,100,000
		<u>2,524,133</u>	<u>3,472,255</u>
Total assets		<u>3,223,695</u>	<u>3,474,471</u>
LIABILITIES			
Current liabilities			
Other payables	(13)	12,903	3,300
Total liabilities		<u>12,903</u>	<u>3,300</u>
NET ASSETS		<u>3,210,792</u>	<u>3,471,171</u>
FUNDS			
Unrestricted Funds			
- Accumulated Fund	(14)	1,768,729	1,943,942
- Club/District Project Fund	(14)	1,284,901	1,298,649
		<u>3,053,630</u>	<u>3,242,591</u>
Restricted Funds			
- LCSF Education Fund	(14)	370,277	398,377
- Lions Home for Elders Fund	(14)	-	-
- Lions Befrienders Fund	(14)	-	-
- Development Fund	(14)	100,000	100,000
- Lions Quest Fund	(14)	8,589	8,589
- Care & Share Fund	(14)	(321,704)	(278,386)
		<u>157,162</u>	<u>228,580</u>
TOTAL FUNDS		<u>3,210,792</u>	<u>3,471,171</u>

The annexed notes form an integral part of these financial statements.

IPC No. 000644

End of financial year

The annexed notes form an integral part of these financial statements.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

STATEMENT OF CASH FLOWS*For the financial year ended 30 June 2018*

	Note	2018 S\$	2017 S\$
<u>Cash flows from operating activities</u>			
(Deficit)/Surplus for the year		(260,379)	1,340,659
Adjustments for:			
Depreciation of property, plant and equipment	(8)	5,765	2,829
Interest income		(39,051)	(40,784)
Operating cash flows before changes in operating assets and liabilities		(293,665)	1,302,704
<u>Changes in operating assets and liabilities</u>			
(Increase)/decrease in other receivables		(10,454)	50
Increase/(decrease) in other payables		9,603	(3,371)
Net cash flows (used in)/from operating activities		(294,516)	1,299,383
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	(8)	(703,111)	-
Interest received		32,665	36,333
Decrease/(increase) in fixed deposits		842,750	(1,045,978)
Net cash flows from/(used in) investing activities		172,304	(1,009,645)
<u>Cash flows from financing activities</u>			
		-	-
Net (decrease)/increase in cash and cash equivalents		(122,212)	289,738
Cash and cash equivalents at beginning of financial year		355,480	65,742
Cash and cash equivalents at end of financial year	(11)	233,268	355,480

The annexed notes form an integral part of these financial statements.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Lions Community Service Foundation (Singapore) (the "Society") is registered under the Societies Act, Chapter 311 in the Republic of Singapore. It is also a charity under the Charities Act, Chapter 37 since 2 May 2003. Its Unique Entity Number (UEN) is T03SS0068K.

The Society is domiciled in the Republic of Singapore and its registered address is at 487 Bedok South Avenue 2, Singapore 469316.

The principal objectives of the Society are the harnessing of the fiscal resources generated by Lions fund raising activities through a central organisation that would united Lions in their community service efforts and maximising the value of the funds application.

The Society has been conferred the Institution of Public Character ("IPC") status for the period from 1 September 2015 to 28 February 2017. Subsequently, its IPC status was extended from 1 March 2017 to 31 August 2019.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the provision of the Charities Act, Chapter 37 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2017

On 1 July 2017, the Society adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Society and had no material effect on the amounts reported for the current or prior financial years.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2018***2. Summary of significant accounting policies (continued)****(a) Basis of preparation (continued)***Standards issued but not yet effective*

The Society has not adopted the following standards applicable to the Society that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 102: <i>Classification and Measurement of Share based Payment Transaction</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Improvements to FRSs (December 2016)	
- INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
- INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 109 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Improvements to FRSs (March 2018)	
- Amendments to FRS 12 <i>Income Taxes</i>	1 January 2019
- Amendments to FRS 23 <i>Borrowing Costs</i>	1 January 2019

Except for FRS 109 and FRS 116, the management expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Society plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

FRS 109 Financial Instruments (continued)

The Society has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Society adopts FRS 109 in financial year ending 30 June 2019.

Impairment

FRS 109 requires the Society to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Society expects to apply the simplified approach and record lifetime expected losses on all other receivables. Upon application of the expected credit loss model, the Society expects that due to unsecured nature of its loans and receivables, the loss allowance would increase. The Society will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of ‘low value’ assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Society is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

(b) Income recognition

Income comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the society’s activities. Income is recognised as follows:

Membership contribution

Contributions are recognised in the statement of financial activities on accrual basis when the contributions are committed to the Society.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(b) Income recognition (continued)

Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations, income from charity events and all income except as listed below, are recognised on receipt basis. Donation-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income

Rental income from operating lease is recognised on a straight-line basis over the lease term.

(c) Expenditure recognition

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

Governance and other administrative costs include the costs of governance arrangement, which related to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

(d) Employee compensation

(i) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

(ii) Defined contribution plan

As required by law, the Society makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(e) Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in statement of financial activities when incurred.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Computer	3 years
Furniture and fixtures	3 years
Leasehold property	59 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed at each reporting date, and adjusted prospectively, as appropriate. The effects of any revision are recognised in statement of financial activities when the changes arises.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in statement of financial activities in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(f) Impairment of non-financial assets

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in statement of financial activities, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statement of financial activities unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(g) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of financial activities when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statement of financial activities.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(ii) Financial liabilities (continued)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of financial activities when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of financial activities.

(h) Impairment of financial assets

The Society assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Society first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Society determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(h) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Society considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits with financial institution which are subject to an insignificant risk of change in value.

(j) Intangible assets

Intangible assets which comprise website development costs are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation of intangible assets is calculated on a straight-line basis to write-off the costs over their estimated useful lives of 3 years. The amortisation expense on intangible assets is recognised in the statement of financial activities through the "amortisation of intangible assets" line item. The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(k) Funds

The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the General Committee. Externally restricted funds may only be utilised in accordance with the purposes for which they are established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(l) Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates ('the functional currency'). The financial statements are presented in Singapore Dollar (S\$), which is the Society's functional and presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of financial activities within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of financial activities within "other income" or "administrative expenses". Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(n) Leases

Where the Society is the lessee:

Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in statement of financial activities on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made (or received) by the Society as penalty is recognised as an expense (or income) when termination takes place.

Contingent rents are recognised as an expense in statement of financial activities when incurred.

(o) Related parties

For the purposes of these financial statements, a party is considered to be related to the Society if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Society or exercise significant influence over the Society in making financial and operating policy decisions, or has joint control over the Society;
- (ii) the Society and the party are subject to common control;
- (iii) the party is an associate of the Society or a joint venture in which the Society is a venturer;
- (iv) the party is a member of key management personnel of the Society or the Society's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Society or of any entity that is a related party of the Society.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2. Summary of significant accounting policies (continued)

(o) Related parties (continued)

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly, including any management (whether executive or otherwise) of the Society.

(p) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(q) Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society; or
- (ii) a present obligation that arises from past events but is not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society.

Contingent liabilities and assets are not recognised on the statement of financial position of the Society, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

3. Critical accounting estimates, assumptions and judgements

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical accounting estimates and assumptions

The critical assumptions concerning the future and other critical sources of estimation uncertainty at the end of each reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

(a) Impairment of loans and receivables

The Society assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Society consider whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(b) Impairment of property, plant and equipment

Impairment of property, plant and equipment the above assets are reviewed for impairment whenever there is an indication that these assets may be impaired. The Society consider the guidance of FRS 36 in assessing whether there is any indication that an item of the above assets may be impaired. This assessment requires significant judgement.

If any such indication exists, the recoverable amount of the assets is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use.

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

UEN No. T03SS0068K

IPC No. 000644

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2018***3. Critical accounting estimates, assumptions and judgements (continued)****3.1 Critical accounting estimates and assumptions (continued)****(b) Impairment of plant and equipment (continued)**

In determining the value-in-use of assets, the Society apply a discounted cash flow model where the future cash flows derived from such assets are discounted at an appropriate rate. Forecasts of future cash flow are estimated based on financial budgets and forecasts approved by the management.

The carrying amount of the Society's property, plant and equipment as at 30 June 2018 is S\$699,562 (2017: S\$2,216).

(c) Estimated useful lives of property, plant and equipment

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities when the changes arise.

4. Revenue

	2018	2017
	S\$	S\$
Donations – Tax exempt receipts	839,726	674,348
Donations – Non-tax exempt receipts	115,418	440,363
	<u>955,144</u>	<u>1,114,711</u>

During the financial year, the Society issued tax-deductible receipts for donations totalling S\$839,726 (2017: S\$674,348) pursuant to its Institution of Public Character ("IPC") status.

5. Other income

	2018	2017
	S\$	S\$
Interest income	39,051	40,784
Miscellaneous income	2,172	2,884
Rental income	6,240	-
	<u>47,463</u>	<u>43,668</u>

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2018*

6. Staff costs

	2018	2017
	S\$	S\$
Staff salaries	22,436	31,100
CPF contributions/SDL	<u>1,754</u>	<u>4,507</u>
	<u>24,190</u>	

7. Income tax

The Society is registered as a charity organisation under Charities Act, chapter 37. As an approved charity, it is exempted from income tax under Section 13(1) of the Income Tax Act.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8. Property, plant and equipment				
	<u>Computer</u> S\$	<u>Furniture and fixtures</u> S\$	<u>Leasehold property</u> S\$	<u>Total</u> S\$
<u>Cost</u>				
At 01.07.2016	4,884	5,440	-	10,324
At 30.06.2017 and 01.07.2017	4,884	5,440	-	10,324
Additions	3,821	179	699,111	703,111
At 30.06.2018	8,705	5,619	699,111	713,435
<u>Accumulated depreciation</u>				
At 01.07.2016	4,272	1,007	-	5,279
Depreciation	612	2,217	-	2,829
At 30.06.2017 and 01.07.2017	4,884	3,224	-	8,108
Depreciation	955	1,848	2,962	5,765
At 30.06.2018	5,839	5,072	2,962	13,873
<u>Net book value</u>				
At 30.06.2018	2,866	547	696,149	699,562
At 30.06.2017	-	2,216	-	2,216

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2018***9. Intangible assets**

	Website development costs S\$	Total S\$
<u>Cost</u>		
At 01.07.2016	15,650	15,650
At 30.06.2017 and 01.07.2017	15,650	15,650
At 30.06.2018	15,650	15,650
<u>Accumulated depreciation</u>		
At 01.07.2016	15,650	15,650
At 30.06.2017 and 01.07.2017	15,650	15,650
At 30.06.2018	15,650	15,650
<u>Net book value</u>		
At 30.06.2018	-	-
At 30.06.2017	-	-

10. Other receivables

	2018 S\$	2017 S\$
Other receivables	23,200	-
Interest receivables	6,386	14,875
Deposits	1,300	1,900
Prepayments	2,729	-
	<u>33,615</u>	<u>16,775</u>

Other receivables are denominated in Singapore Dollar.

11. Cash and cash equivalents

	2018 S\$	2017 S\$
Cash at banks	<u>233,268</u>	<u>355,480</u>

Cash and cash equivalents are denominated in Singapore Dollar.

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2018***12. Fixed deposits**

	2018	2017
	S\$	S\$
Fixed deposits	<u>2,257,250</u>	<u>3,100,000</u>

Fixed deposits with banks matured within 3 months to 11 months (2017: 12 months) from the financial year-end. Interests were at rates ranging from 1.40% to 1.65% (2017: 1.45% to 1.90%) per annum, which were also the effective interest rates.

Fixed deposits are denominated in Singapore Dollar.

13. Other payables

	2018	2017
	S\$	S\$
Other payables and accruals	5,703	3,300
Deposits	<u>7,200</u>	<u>-</u>
	<u>12,903</u>	<u>3,300</u>

Other payables are denominated in Singapore Dollar.

14. Funds**Unrestricted Funds****(i) Accumulated Fund**

This is a general purpose fund to be used for non-specific purposes at the discretion of the Management Committee in furtherance of the Society's objects.

(ii) Club/District Project Fund

The Club/District Project Fund is set up for fund raising projects that are one off in nature (e.g. tree planting project) or are too small in term of fund raised.

Restricted Funds**(iii) LCSF Education Fund**

The LCSF Education Fund was set up for the purpose of establishing scholarships, bursaries or other schemes with institutions of learning in Singapore to provide financial assistance to deserving students. It is administered by the Society in collaboration with the educational institutions. Currently, the Society is funding students from primary, secondary, post-secondary (such as junior colleges and specialist institutes) to tertiary level of the education system in Singapore.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

14. Funds (continued)

Restricted Funds (continued)

(iv) Lions Home for Elders Fund

The Lions Home for Elders Fund is the fund for donations designated by donors for the Lions Home for the Elders. The Lions Home for the Elders operates two homes, one in Bedok and another in Bishan. The homes were established to provide long-term skilled nursing care and/or assistance with activities of daily living for elderly persons. These older persons either do not have families or caregivers to look after them at home, or the caregivers is unable to provide the level of nursing care required.

(v) Lions Befrienders Fund

The Lions Befrienders Fund is the fund for donations designated by donors for the Lions Befrienders Service Association. The Lions Befrienders Service Association was established to reach out to lonely elderly persons aged 60 and above through visitation by volunteers and organised social/recreational activities in the HDB flats.

(vi) Development Fund

The purpose of the Development Fund is to develop a reserve for the maintenance of the property when purchased as well as to replenish the Society financial resources that went into the purchase of the first property. It would form part of the Endowment Fund the establishment of which is an objective of LCSF. It would be used for the purchase of future property should the foundation need to upgrade to meet its future operational needs.

(vii) Lions Quest Fund

The Lions Quest Fund was established to support the training programmes of the Society. Lions Quest is a community-based, comprehensive, positive youth development and preventive programme that unites the home, school and community through life skills, character education, civic values, drug prevention and service learning education.

(viii) Care and Share Fund

Care and Share Fund is a grant from Ministry of Social and Family Development ("MSF") based on qualifying donations, to develop the charitable agency's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The unused funds for projects that are withdrawn or terminated prematurely may be clawed back if the new proposed projects are not approved by MSF.

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2018***15. Related party transactions**Remuneration of key management personnel

None of the staff received more than S\$100,000 in annual remuneration.

Related party transactions

The Society had no significant transactions with related parties during the financial year.

16. Commitments(a) Operating lease commitments – where the Society is a lessee

The Society leases its operating office under non-cancellable operating lease agreement. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2018 S\$	2017 S\$
Not later than one year	<u>7,800</u>	<u>7,800</u>

Minimum lease payments recognised as an expense in statement of financial activities for the financial year ended 30 June 2018 amounted to S\$15,600 (2017: S\$15,600).

17. Reserve position and policy

The Society's reserve position for financial year ended 30 June 2018 is as follows:

	2018 S\$'000	2017 S\$'000	Increase/ (decrease) %
A Unrestricted Funds	3,054	3,243	(6%)
B <u>Restricted or Designated Funds</u>			
Designated Funds	-	-	-
Restricted Funds	157	228	(31%)
C Endowment Fund	-	-	-
D Total Funds	3,211	3,471	(7%)
E Total Annual Operating Expenditures	1,286	1,199	7%
F Ratio of Funds to Annual Operating Expenditures (A/E)	<u>2.37</u>	<u>2.70</u>	

LIONS COMMUNITY SERVICE FOUNDATION (SINGAPORE)

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

17. Reserve position and policy (continued)

Reference:

- C. An endowment fund consist of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual operating Expenditures includes expenses related to Cost of Charitable Activities and Governance and Other Administrative Costs.

18. Financial risk management

The Society is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Management Committee reviews and agrees on policies and procedures for the management of these risks.

The Management Committee responsible for setting the objectives, the underlying principles of financial risk management for the Society and establishing the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the approved objectives and underlying principles.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Society's exposure to credit risk arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the Society minimise credit risk by dealing exclusively with high credit rating counterparties.

The Society has no significant concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds. The Society's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation. In the management of its liquidity risk, the Society monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Society's operations and mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Society are repayable on demand or mature within one year.

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 30 June 2018***18. Financial risk management (continued)****(c) Currency risk**

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Society does not have any significant currency risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society is not exposed to interest rate risk as it does not have any interest-bearing financial instruments.

(e) Fair values

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Other receivables (Note 10), cash and cash equivalents (Note 11), fixed deposits (Note 12), and other payables (Note 13)

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair value at the end of the reporting period due to the relatively short term nature.

19. Categories of financial instruments

The following table sets out the financial instruments as at end of the reporting period:

	2018 S\$	2017 S\$
<u>Financial assets</u>		
Loans and receivables:		
Other receivables (exclude prepayments)	30,886	16,775
Cash and cash equivalents	233,268	355,480
Fixed deposits	2,257,250	3,100,000
Total financial assets	<u>2,521,404</u>	<u>3,472,255</u>
<u>Financial liabilities</u>		
At amortised cost:		
Other payables	12,903	3,300
Total financial liabilities	<u>12,903</u>	<u>3,300</u>

20. Authorisation of financial statements

The financial statements for the year ended 30 June 2018 were authorised for issue by the Management Committee on 26 December 2018.